

24 November 2014

Ms. Melissa Jurgens
Secretary
Commodity Futures Trading Commission
Three Lafayette Center
1155 21st St., N.W.
Washington, DC 20581
United States of America

Dear Ms. Jurgens,

Self-certification of Amendments to SGX-DC Clearing Rules

1 Introduction

- 1.1 Singapore Exchange Derivatives Clearing Limited ("**SGX-DC**"), a derivatives clearing organisation ("**DCO**") registered with the Commodity Futures Trading Commission (the "**Commission**"), hereby submits a self-certification for amendments to its Clearing Rules (the "**Amendments**") pursuant to Commission regulation 40.6(a).

2 Intended Implementation Date

- 2.1 The Amendments are proposed to be implemented in December 2014, but will not be implemented prior to the Commission's 10 business day review period.

3 Explanation and Analysis

- 3.1 The SGX-DC Clearing Rules sets out capital and financial requirements that members are required to adhere to. These capital and financial requirements are closely aligned to the revised risk based capital ("**RBC**") framework that is set out under the Singapore's Securities and Futures (Financial Margin Requirements for Holders of Capital Markets Services Licences) Regulation ("**SFR(FMR)**").
- 3.2 Revisions to the RBC framework were made in 2013. The revised RBC framework set out under the SFR(FMR) and the Monetary Authority of Singapore ("**MAS**") Notice SFA 04-13 on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services

Licences (“**Notice**”) that took effect from 3 April 2013 provides a transitional period till 2 April 2015 to comply with the revised RBC framework, and a transitional period till 2 October 2013 to comply with the revised definition of base capital.

- 3.3 The Amendments are to align SGX-DC Rules with the recent revisions to the risk-based capital framework set out under the SFR(FMR) and the Notice.
- 3.4 SGX-DC is registered as an approved clearing house under the Securities and Futures Act of Singapore and regulated by the MAS. The Amendments are subject to the MAS’ regulatory concurrence.

4 Description of Amendments

- 4.1 Paragraphs 2.02.1; 2.07C.1; 2.08C.1; 7A.01.1; 9.01.1 and Chapters 2.11 and 10 of the SGX-DC Clearing Rules would be amended as a result of the Amendments.
- 4.2 The text of the Amendments with the changes indicated is attached as Appendix 1.

5 Certification of Compliance with Core Principles

- 5.1 The Amendments have been promulgated in respect of SGX-DC’s compliance with Core Principle B on Financial Resources in order to align the SGX-DC Clearing Rules to the relevant regulation on risk capital.
- 5.2 SGX-DC hereby certifies to the Commission that the Amendments comply with the Commodity Exchange Act, as amended, and the regulations promulgated thereunder.

6 Public Notice of Pending Certification

- 6.1 SGX-DC has made publicly available a notice of the Amendments’ pending certification with the Commission, together with a copy of this submission on its website at http://www.sgx.com/wps/portal/sgxweb/home/regulation/consult_pub/dco_submissions.

7 Opposing Views

- 7.1 There were no opposing views expressed to SGX-DC by its board or committee members, SGX-DC Clearing Members or market participants that were not incorporated into the

Amendments. If any opposing views are received by SGX-DC during the Commission's review period, such views will be communicated to the Commission accordingly.

8 Contact Details

- 8.1 Please do not hesitate to contact the undersigned at ludovico.cardone@sgx.com or +65 6713 7765 should you require any clarification.

Yours sincerely,



Ludovico Cardone
Assistant Vice President
Legal (Regulation)

Appendix 1

Text of the Proposed Amendments to the SGX-DC Clearing Rules

Proposed Changes	Rationale for Changes
<p>2.02.1</p> <p>Unless otherwise prescribed by the Clearing House, to be eligible for Clearing Membership as a General Clearing Member, an applicant must satisfy the Clearing House that:—</p> <p>2.02.1.1 it is a corporation with the requisite financial and business standing and repute and is or will upon admission be carrying on the business whether in Singapore or elsewhere;</p> <p>a. it has a base capital of not less than S\$5,000,000; or</p> <p>b. in the case of an applicant admitted as a clearing member of the Clearing House and CDP, it has a base capital of not less than S\$8,000,000;</p> <p>or such other capital and financial requirements as may be prescribed by the Clearing House from time to time;</p> <p>2.02.1.2 [Rule has been deleted];</p> <p>2.02.1.2A it holds a capital markets services licence <u>Capital Markets Services Licence</u> unless exempted under the SFA or SFR (Licensing and Conduct of Business);</p> <p>2.02.1.3 it has, and upon admission will maintain, minimum capital and financial requirements pursuant to Rule 2.07 or Rule 2.08;</p> <p>2.02.1.4 it has, and upon admission will maintain, a special reserve fund pursuant to Rule 2.09 or Rule 2.10, as the case may be;</p> <p>2.02.1.5 its managerial or executive staff have a high standard of integrity and a level of knowledge (as may be deemed acceptable by the Clearing House) on the nature, risks and obligations in respect of the market or contracts that it wishes to clear;</p> <p>2.02.1.6 it must have in place sufficient resources and establish and maintain adequate systems for preserving a sound liquidity and financial position at all</p>	<p>Editorial amendment as “Capital Markets Services Licence” is now a defined term.</p>

Note: Changes are made in blue

Proposed Changes	Rationale for Changes
<p>times including the maintaining of adequate staff and facilities for monitoring its cashflow and funding requirements and maintaining sufficient liquidity for its day to day operations;</p> <p>2.02.1.7 it must maintain segregated and adequate back-office functions; and</p> <p>2.02.1.8 it satisfies any and all other requirements and criteria for such Clearing Membership, which the Clearing House may from time to time hereafter prescribe.</p>	
<p>2.07C Qualifying Letter of Credit</p> <p>2.07C.1</p> <p>For the purpose of Rules 2.07<u>and 2.07A and 2.07B</u>, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of <u>aggregate resources</u> financial resources, subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.</p>	<p>Amended the definition to align with the SFR(FMR). As set out in the SFR(FMR), qualifying letter of credit ("QLC") will not be counted towards financial resources but can continue to be used to meet aggregate resources.</p>

Proposed Changes	Rationale for Changes
<p>2.08C Qualifying Letter of Credit</p> <p>2.08C.1</p> <p>Unless otherwise exempted under Rule 2.08.8, for the purpose of Rules 2.08, <u>and 2.08A and 2.08B</u>, a Clearing Member may include one (1) or more qualifying letter(s) of credit deposited with the Clearing House in its calculation of <u>aggregate resources adjusted net head office funds</u> subject to the total amount payable under the qualifying letter(s) of credit or 50% of its total risk requirement, whichever is lower. In the case of a Clearing Member admitted as a clearing member of the Clearing House and CDP, and which has deposited such qualifying letter(s) of credit with CDP, pursuant to the corresponding provisions in the CDP Clearing Rules, it need not deposit another qualifying letter(s) of credit with the Clearing House.</p>	<p>Amended the definition to align with the SFR(FMR). As set out in the SFR(FMR), qualifying letter of credit ("QLC") will not be counted towards adjusted net head office funds but can continue to be used to meet aggregate resources.</p>
<p>2.11 Other Financial Requirements</p> <p>2.11.1 Reduction in Paid-Up Ordinary Share Capital <u>or Paid-Up Irredeemable and Non-Cumulative Preference Share Capital</u></p> <p>2.11.1.1 Each Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, shall not reduce its paid-up ordinary share capital <u>or paid-up irredeemable and non-cumulative preference share capital</u> without the prior approval of the Clearing House.</p>	<p>SGX proposes amendment to align with Regulation 20 of the SFR(FMR).</p>
<p>2.11.2 Preference Share</p> <p>2.11.2.2 A Clearing Member incorporated in Singapore, except in the case of a Bank Clearing Member, shall not <u>repay the principal of redeem any redeemable preference share (other than any paid-up irredeemable and non-cumulative preference share capital)</u> that is computed as part of its financial resources, <u>through repurchase or redemption</u>:—</p> <p>a. unless the Clearing Member notifies the Clearing House within such time before the proposed date of <u>repurchase or redemption</u> as prescribed by the SFR (Financial and Margin Requirements);</p> <p>b. if at the date of <u>repurchase or redemption</u>:—</p> <p>i. the financial resources <u>(including qualifying letters of</u></p>	<p>SGX proposes amendment to align with the revision to Regulation 21 of the SFR(FMR).</p> <p>Amended to align with the SFR(FMR) which no longer provides for qualifying letters of credit ("QLC") to be counted towards financial resources.</p>

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Proposed Changes	Rationale for Changes
<p>credit referred to in Rule 2.07C) of the Clearing Member are <u>is</u> less than 150% of its total risk requirement; or</p> <p>ii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources;</p> <p>c. if such a <u>repurchase or</u> redemption will cause an event in Rule 2.11.2.2.b above to occur; or</p> <p>d. if the Clearing House has prohibited in writing such a <u>repurchase or</u> redemption.</p>	
<p>2.11.3 Qualifying Subordinated Loans</p> <p>2.11.3.1 Each Clearing Member incorporated in Singapore, shall immediately notify the Clearing House when it draws down a qualifying subordinated loan no later than the date of draw down.</p> <p>2.11.3.2 A Clearing Member incorporated in Singapore:—</p> <p>a. shall not repay, whether in part or in full, any subordinated loan principal before the maturity date without the prior approval of the Clearing House;</p> <p>b. shall not repay, whether in part or in full, any subordinated loan principal that has matured:—</p> <p>i. unless the Clearing Member notifies the Clearing House at least one (1) Business Day before the date of repayment;</p> <p>ii. if the financial resources (including qualifying letters of credit referred to in Rule 2.07C) of the Clearing Member, are less than 150% of its total risk requirement;</p> <p>iii. in the case of a General Clearing Member or Direct Clearing Member, if the aggregate indebtedness of the General Clearing Member or Direct Clearing Member exceeds 600% of its aggregate resources;</p> <p>iv. if such a repayment will cause an event in Rules 2.11.3.2.b.ii or iii to occur; or</p> <p>v. if the Clearing House has prohibited in writing such a repayment.</p>	<p>Amended to align with the SFR(FMR) which no longer provides for qualifying letters of credit ("QLC") to be counted towards financial resources.</p>
<p>2.11.4 Making of Unsecured Loan or Advance, Payment of Dividend or Director's Fees or Increase in Director's Remuneration</p> <p>2.11.4.1 Each Clearing Member, except for a Bank Clearing Member, shall not, without the prior written approval of the Clearing House, make any unsecured</p>	<p>Amended to align with the SFR(FMR) which no longer provides for qualifying letters of credit ("QLC") to be counted towards financial resources.</p>

Note: Changes are made in [blue](#)

Proposed Changes	Rationale for Changes
<p>loan or advance, pay any dividend or director's fees or increase any director's remuneration if:—</p> <p>a. in the case where the Clearing Member is incorporated in Singapore:—</p> <p>i. the base capital of the Clearing Member is less than the base capital requirement applicable to the Clearing Member under Rule 2.07;</p> <p>ii. the financial resources (including qualifying letters of credit referred to in Rule 2.07C) of the Clearing Member are less than 150% of its total risk requirement;</p> <p>iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or</p> <p>iv. such a loan, advance, payment or increase will cause an event in Rules 2.11.4.1.a.i, ii or iii to occur;</p> <p>or</p> <p>b. in the case where the Clearing Member is incorporated outside Singapore:—</p> <p>i. the net head office funds of the Clearing Member are below the net head office funds requirement applicable to the Clearing Member under Rule 2.08;</p> <p>ii. the adjusted net head office funds (including qualifying letters of credit referred to in Rule 2.08C) of the Clearing Member are less than 150% of its total risk requirement;</p> <p>iii. the aggregate indebtedness of the Clearing Member exceeds 600% of its aggregate resources; or</p> <p>iv. such a loan, advance, payment or increase will cause an event in Rules 2.11.4.1.b.i, ii or iii to occur.</p>	<p>Amended to align with the SFR(FMR) which no longer provides for qualifying letters of credit ("QLC") to be counted towards adjusted net head office funds.</p>
<p>7A.01.1</p> <p>The Clearing House shall be entitled to restrict the activities of the Clearing Member on the Clearing House or suspend the Clearing Member without prior notice if:</p> <p>7A.01.1.1 the Clearing Member becomes insolvent or is deemed insolvent;</p> <p>7A.01.1.2 unless exempted, ceases to hold a valid capital markets services licence <u>Capital Markets Services Licence</u> as prescribed under the SFA, or ceases to be authorised to conduct banking business in Singapore pursuant to section 4 of the Banking Act, where applicable;</p> <p>7A.01.1.3 the Clearing House is of the opinion that the integrity of the Clearing Member, in relation to its financial integrity or conduct, or the Clearing House's ability to operate a safe and efficient clearing facility is, or may be, materially compromised in any of the following events:</p> <p>a. the parent company or related corporation of the Clearing Member becomes insolvent or is deemed</p>	<p>Editorial amendment as "Capital Markets Services Licence" is now a defined term.</p>

Proposed Changes	Rationale for Changes						
<p>insolvent;</p> <p>b. the Clearing Member is suspended or expelled from membership of any Relevant Market or its clearing house;</p> <p>c. the Clearing Member fails to comply with or settle any of its financial obligations under the rules and regulations of any exchange or clearing house of which it is a member;</p> <p>d. the Clearing Member fails duly to perform or is, in the opinion of the Clearing House, in breach of:</p> <ul style="list-style-type: none"> i. any provision of this Rules; ii. any Directive which is in force from time to time; or iii. any agreement, understanding or arrangement which the Clearing Member has with the Clearing House from time to time; or <p>7A.01.1.4 the Clearing House, in its absolute discretion, considers it necessary or desirable to protect its own interests, the interests of other Clearing Members and/or the interests of the customers of the Clearing Member.</p>							
<p>9.01.1</p> <p>Unless the context otherwise requires,</p> <p>(1) the following words and expressions shall be defined as <u>follows set forth herein below</u>—; and</p> <p><u>(2) where the terms defined below are defined in relation to a holder of a Capital Markets Services Licence, such definitions shall, with the necessary modifications, apply to a Clearing Member as those definitions apply to a holder of a Capital Markets Services Licence whether or not that Clearing Member holds a Capital Markets Services Licence.</u></p> <table border="1" data-bbox="156 1518 799 1877"> <thead> <tr> <th data-bbox="156 1518 371 1608">Term</th> <th data-bbox="371 1518 799 1608">Meaning</th> </tr> </thead> <tbody> <tr> <td colspan="2" data-bbox="156 1608 799 1686">A</td> </tr> <tr> <td data-bbox="156 1686 371 1877">"adjusted net head office funds"</td> <td data-bbox="371 1686 799 1877">— when used in reference to:— a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the meaning ascribed</td> </tr> </tbody> </table>	Term	Meaning	A		"adjusted net head office funds"	— when used in reference to:— a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the meaning ascribed	<p>Many of the definitions in the SFR (Financial and Margin Requirements) and Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences are defined "<i>in relation to the holder of a [capital markets services] licence</i>". This new paragraph in Rule 9.01.1(2) is added to clarify that, for the purposes of these Clearing Rules, such definitions shall apply to a Clearing Member as they apply to a holder of a Capital Markets Services Licence.</p> <p>The definition of "adjusted net head office funds" is now provided in Regulation 2(1) of SFR (FMR). Reference to the SFR(FMR) is updated accordingly.</p>
Term	Meaning						
A							
"adjusted net head office funds"	— when used in reference to:— a. a General Clearing Member or Direct Clearing Member incorporated outside Singapore, shall bear the meaning ascribed						

Note: Changes are made in [blue](#)

Proposed Changes		Rationale for Changes
	<p>thereto in paragraph 2 of the Second Schedule Regulation 2 of the SFR (Financial and Margin Requirements);</p> <p>b. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in paragraph 2 of the Second Schedule Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business; and</p> <p>c. a Remote Clearing Member, shall bear the meaning as ascribed to the term "financial resources" in paragraph 1 of the Second Schedule Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</p>	<p>Amended the definition to align with the SFR(FMR). As set out in the SFR(FMR), qualifying letter of credit ("QLC") will not be counted towards financial resources or adjusted net head office funds, as the case may be, but can continue to be used to meet aggregate resources.</p>
"aggregate resources"	<p>— when used in reference to:—</p> <p>a. a Clearing Member incorporated in Singapore, means its financial resources and (including qualifying letters of credit referred to in Rule 2.07C) less its total risk requirement;</p> <p>b. a General Clearing Member or Direct Clearing Member incorporated outside Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, means its adjusted net head office funds and (including qualifying letters of credit referred to in Rule 2.08C) less its total risk requirement;</p>	

Note: Changes are made in [blue](#)

Proposed Changes		Rationale for Changes
	<p>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, means its cash and/or acceptable government securities deposited with the Clearing House or CDP pursuant to Rule 2.08.1B.1 less its total risk requirement; and</p> <p>d. a Remote Clearing Member, means its adjusted net head office funds <u>and (including</u> qualifying letters of credit referred to in Rule 2.08C) less its total risk requirement.</p>	<p>This new term is included since it is used in the rules.</p> <p>Third Schedule of the SFR (Financial and Margin Requirements), where the definition of "counterparty risk requirement" formerly resides has been deleted. The new definition is set out in Part V of the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences. Reference to the SFR(FMR) is changed to a reference to the Notice.</p> <p>The definition of "financial resources" is now provided in Regulation 2(1) of the SFR(FMR). Reference to the SFR(FMR) is updated accordingly.</p>
C		
<u>"Capital Markets Services Licence"</u>	<u>has the meaning ascribed to it in the SFA.</u>	
"counterparty risk requirement"	shall have the meaning ascribed to it in <u>paragraph 3 of Third Schedule of the SFR (Financial and Margin Requirements) the Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences.</u>	
F		
"financial resources"	<p>— when used in reference to:—</p> <p>a. a General Clearing Member or a Direct Clearing Member incorporated in Singapore, shall bear the meaning ascribed thereto in <u>paragraph 4 of the Second Schedule Regulation 2</u> of the SFR (Financial and Margin Requirements);</p>	

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Proposed Changes		Rationale for Changes
	<p>b. a Bank Clearing Member incorporated in Singapore, shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule Regulation 2 of the SFR (Financial and Margin Requirements), less the capital requirements for its banking business; and</p> <p>c. a Remote Clearing Member, shall bear the meaning ascribed thereto in paragraph 1 of the Second Schedule Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</p>	<p>This new term, “irredeemable and non-cumulative preference shares capital”, is adopted in the SFR(FMR). Added the definition and its reference to the SFR(FMR). This term is used in Rule 2.11.1.</p>
I		
<p>"Irredeemable and Non-Cumulative Preference Share Capital"</p>	<p>has the meaning ascribed to it in Regulation 2 of the SFR (Financial and Margin Requirements).</p>	<p>Added the definition of “Qualifying Letter of Credit” with reference to the SFR(FMR) to provide clarity.</p>
Q		
		<p>The definition of “Qualifying Subordinated Loan” is now provided in Regulation 2(1) of the SFR(FMR). Reference to the SFR(FMR) is updated accordingly.</p>

Note: Changes are made in [blue](#)

Proposed Changes		Rationale for Changes
"qualifying letter of credit"	has the meaning ascribed to it in <u>Regulation 2 of the SFR (Financial and Margin Requirements)</u> .	The definition of " Total risk requirement " is now provided in Regulation 2(1) of the SFR(FMR). Reference to the SFR(FMR) is updated accordingly.
"qualifying subordinated loan"	has the meaning ascribed to it in <u>paragraph 4 of Second Schedule Regulation 2</u> of the SFR (Financial and Margin Requirements).	
T		
"total risk requirement"	<p>—when used in reference to:—</p> <p>a. a General Clearing Member or a Direct Clearing Member, shall bear the meaning ascribed thereto in <u>paragraph 1 of the Third Schedule Regulation 2</u> of the SFR (Financial and Margin Requirements);</p> <p>b. a Bank Clearing Member incorporated in Singapore or a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.c, shall bear the meaning ascribed thereto in</p>	

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Proposed Changes	Rationale for Changes
<p>paragraph 1 of the Third Schedule Regulation 2 of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties' and proprietary positions in derivatives and securities contracts traded on any exchange and all contracts (but shall not include any positions in OTCF Contracts in such computations) novated to any clearing facility;</p> <p>c. a Bank Clearing Member incorporated outside Singapore which has satisfied Rule 2.02B.1.11.a or b, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule Regulation 2 of the SFR (Financial and Margin Requirements) except that such Bank Clearing Member shall only compute the total risk requirement for all Third Parties' and proprietary positions in derivatives and securities contracts traded on the Exchange and SGX-ST and all contracts (but shall not include any positions in OTCF Contracts in such computations) novated to the Clearing House and CDP; and</p> <p>d. a Remote Clearing Member, shall bear the meaning ascribed thereto in paragraph 1 of the Third Schedule Regulation 2 of the SFR (Financial and Margin Requirements), read as if the Remote Clearing Member is a capital market services licensee to which the SFR (Financial and Margin Requirements) applies.</p>	

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Proposed Changes	Rationale for Changes
<p><u>Chapter 10 Transitional Provisions</u></p> <p><u>10.1 Transitional Provisions for Capital and Financial Requirements</u></p> <p><u>10.1.1 Applicability</u></p> <p><u>This Rule establishes the transitional provisions relating to Rules 2.07C.1, 2.08C.1, 2.11, and 9.01.1 of the SGX-DC Clearing Rules that was amended on and in force from [insert date].</u></p> <p><u>10.1.2 Transitional Arrangements</u></p> <p><u>Rules 2.07C.1, 2.08C.1, 2.11, and 9.01.1 (as amended on and in force from [insert date]), except for the definition of Base Capital, shall not apply to a Transitional Clearing Member during the Transitional Period, and the aforesaid Rules as in force immediately before [insert date] shall continue to apply to a Transitional Clearing Member during the Transitional Period. A reference to any provision of the SFR (Financial and Margin Requirements) the aforesaid Rules as in force immediately before [insert date] is to that provision in the SFR (Financial and Margin Requirements) as in force immediately before 3 April 2013. For avoidance of doubt, the definition of Base Capital applicable to a Transitional Clearing Member has the same meaning ascribed in the SFR(Financial and Margin Requirements) as in force on 3 April 2013.</u></p> <p><u>10.1.3 Transitional Period</u></p> <p><u>For the purposes of this Chapter, "Transitional Period" means the period commencing on 3 April 2013 and:-</u></p> <p><u>10.1.3.1 in relation to all rule amendments except the definition of Base Capital, till 2 April 2015; or</u></p> <p><u>10.1.3.2 ending on such date, before the expiry date stated in Rule 10.1.3.1, specified in a written notice to</u></p>	<p>This Rule is inserted to provide for the applicable transitional provisions as stipulated under paragraphs 25 and 26 of Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2013. The rules provide a transitional period till 2 April 2015 to comply with the revised Risk Based Capital framework and a transitional period till 2 October 2013 to comply with the revised definition of base capital.</p>

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Proposed Changes	Rationale for Changes
<p><u>SGX-DC informing SGX-DC of the Transitional Clearing Member's intention to adopt the requirements pursuant to Rule 10.1.4,</u></p> <p><u>whichever is the earlier.</u></p> <p><u>10.1.4 Notification by Writing</u></p> <p><u>For the purpose of Rule 10.1.3.2, the Transitional Clearing Member shall notify SGX-DC in writing at least 14 days before the intended date to adopt the requirements.</u></p> <p><u>10.1.5 Transitional Clearing Member</u></p> <p><u>"Transitional Clearing Member" means</u></p> <p><u>10.1.5.1 in the case of a Clearing Member who is a holder of the Capital Markets Services Licence, is a "specified holder" as defined under Regulation 25 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2013 or a "new holder" as defined under Regulation 26 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) (Amendment) Regulations 2013</u></p> <p><u>10.1.5.2 in the case of a Clearing Member who is not a holder of the Capital Markets Services Licence, is an existing Clearing Member prior to 3 April 2013 or one who applied to be a Clearing Member prior to 3 April 2013.</u></p>	

